



Fine Art & Gemstone Bond Program FAQs

1. What types of assets qualify for consideration?

We are set up to accept fine art, sculptures cut and polished gemstones, classic cars, and exotic boats into the Program.

Properly formatted fine art financing requires that the piece be authenticated, complete with attribution (to the hand of the artist, and not a student). Many historically significant artists taught their pupils by having them re-create original masterpieces, thus launching into the marketplace several "original" works, but only one can have true attribution. Because of this risk, we prefer to work on pieces circa 1859 to current, and that the artist be deceased.

However, Old Masters with well-documented exhibit history, and documented provenance are welcome.

2. How is this finance Program different than fine art lending?

Instead of releasing the proceeds of the financing to the Borrower at closing, this program has been established with the intent to provide an income stream to asset owners based on the "accepted" value of their asset, for the duration of the program, which will last approximately five (5) years. This program has pre-set investment strategies where the bulk of the bond sale proceeds are blocked on account for the actual trading, and not actually deployed into the trades directly. This means that the capital remains in our accounts during the trading, with minimal draw-downs on the capital itself.

3. What does "accepted" value mean?

Accepted value is defined as a percentage of the value an asset would be expected to sell for at auction (fair market value). This accepted value is determined by a third-party approved by the Insurer, which will insure the liquidation value of such assets.

4. Will this bond be a rated instrument?

We expect our bond will be rated by one of the top rating agencies.

5. Do the assets being collateralized need to be relocated for safekeeping?

The most important variable for any asset is the physical protection of that asset. The asset must be transferred to and located in a properly insured and protected facility approved by the Insurer.

6. Are there any up-front fees in participating?

We do not require any up-front fees, and all costs involved in appraising, valuing and physically securing the assets will be expensed by and reimbursed to the Company upon funding received from the sale of bonds.



7. You mentioned that the Company will be a "bankruptcy-remote" vehicle. What does that mean?

The Company will be established as an entity whose sole purpose is to issue the bond. Establishing the entity in such a manner protects the holders of the bonds so that the actions of the Company's Members will not affect the viability of the Company and conversely, any actions of the Company will not be imposed on the Members.

8. Can a borrower sell the asset while it's being used in the program?

Yes, it is possible to sell the asset while it's being used in the Program, provided the asset owner replaces the asset with cash in an amount equal to the value of the asset.

9. What position do the asset owners play in the Company?

Each asset owner will be given ownership of the Company as a Member of the Limited Liability Company itself, and afforded complete transparency on all matters associated with the Company, and its financial undertakings, including the investment strategies.

10. What are the investment strategies?

The Company has developed relationships with traders here in the United States and abroad. These licensed and regulated traders will begin trading a portion of the capital received from the bond sales with the goal of generating returns sufficient to pay the debt service due on the bonds, pay for all expenses and overhead, and return profits to the Company which will be shared with each member of the Company proportionate to their member units in the Company. Complete transparency will be provided to the asset owners regarding these investment strategies at the appropriate time in the due diligence process.

11. How is your company different than the others in this space?

Client-centricity. We are most concerned with protecting the assets being assigned/pledged to the Company. We want the asset owners to understand the Program in its entirety. The Program is designed to provide income to asset owners using assets that would normally sit on their walls or in vaults. Often times, these assets are unusable for lending, and impractical to sell, given the profit participation with auction houses, marketing fees, sales taxes, etc. We do not believe those who are attempting to deliver a program similar to ours treat the asset owner with the proper respect and regard they deserve. We feel each asset owner deserves a seat at the table.

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